S. HRG. 99-945

NOMINATION OF WALTER KIRK MILLER TO BE ADMINISTRATOR OF THE FEDERAL GRAIN INSPECTION SERVICE

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

NINETY-NINTH CONGRESS

SECOND SESSION

SEPTEMBER 10, 1986

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NOMINATION OF WALTER K. MILLER TO BE ADMINISTRATOR OF THE FEDERAL GRAIN INSPECTION SERVICE

WEDNESDAY, SEPTEMBER 10, 1986

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, DC.

The committee met, pursuant to notice, at 10:10 a.m., in room 332, Russell Senate Office Building, Hon. Jesse Helms (chairman of the committee) presiding.

Present: Senators Helms, Zorinsky, and Dixon.

STATEMENT OF HON. JESSE HELMS, A U.S. SENATOR FROM NORTH CAROLINA

The CHAIRMAN. The committee will come to order.

This morning this committee meets to consider the nomination of Walter Kirk Miller, of Wisconsin, to serve as Administrator of the Federal Grain Inspection Service. He holds a B.S. degree in agricultural economics from Ohio State University, and has had substantial experience with the Farm Bureau, most recently serving as assistant director of national affairs for the Federation here in Washington.

He has been located in Milwaukee for the past several years and currently serves as president of the American Malting Barley Association. He has had an opportunity to become familiar with some of the issues facing the Federal Grain Inspection Service through service on that agency's advisory committee. I believe this experience will be particularly helpful to him if and when he is confirmed.

I have already spoken to Kirk's wife, Crystal, who is here, and his son, Tom; brother, Jeffrey; and sister-in-law, Roxanne. We welcome them.

Senator Kasten wanted to be here this morning to present you, but as they say around this place, he was unavoidably detained. What I believe happens around the Senate is every morning at 6 o'clock the computers down in the bowels of the Capitol crank up and see how they can schedule us to be three places at one time. That is what happened to Bob. But he has a statement commending and presenting you, which will be made a part of the record.[1]

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[1] See p. 7 for the prepared statement of Senator Kasten.

Do you have an opening statement?

STATEMENT OF WALTER K. MILLER, ADMINISTRATOR-DESIGNATE, FEDERAL GRAIN INSPECTION SERVICE

Mr. MILLER. Senator Helms, I want to thank you for the prompt manner in which you have scheduled this hearing. I also want to thank the other Senators who have extended the courtesy of allowing me to come by and visit with them regarding this nomination.

I appreciate your introduction of my family. I am very proud of my family, and I am very honored to be nominated to serve as the Administrator of the Federal Grain Inspection Service. I think my background lends itself well to this task. I eagerly look forward to the challenge that lies ahead.

I will be happy to respond to any questions you have.[2]

The CHAIRMAN. I have a couple of questions that are not perfunctory at all. They may sound that way, but they are for real. The first being: If your nomination is approved by this committee and by the Senate, do you promise to respond to requests to appear and testify before this committee or any other duly constituted committee of the United States Senate?

Mr. MILLER. Yes; I will.

The CHAIRMAN. If you are confirmed by the Senate, will you faithfully execute the laws passed by Congress regardless of any prior statements you may have made or any biases you may have held?

Mr. MILLER. Yes; I will.

The CHAIRMAN. The issue of grain quality standards, especially as they relate to our grain exports continues to receive considerable publicity in the farm press and in Congress. As you are aware, several pieces of legislation are pending in the House and/or the Senate to address this issue, which leads me to a couple of questions. How important are our grain quality standards to the volume of grain exports?

Mr. MILLER. Senator Helms, I think that there is philosophical need for grain standards. Standards allow the market system to function efficiently. I think the standards that we have in this country facilitate grain marketing.

The CHAIRMAN. How would you rank the importance of grain quality standards as compared to the other factors, products, and contract terms?

Mr. MILLER. I think that the majority of the buyers probably buy based on price and their own particular demands. There are instances where countries have specific requirements, which they are able to satisfy. When they come to this country with a shopping list they are able to use U.S. grain standards to fill almost any specific orders they have from the bountiful granaries in our country.

I think there is an opportunity for us to do a better job of helping some of the countries that are buying from us understand what our standards do and do not represent to insure that when they purchase commodities from the United States they feel like they are actually getting what they expect to get. I think sometimes our

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[2] See p. 8 for material pertaining to the nomination of Mr. Miller.

customers misunderstand what our standards actually do and do not represent.

The CHAIRMAN. One major issue is whether the recombination of foreign material and dockage should be allowed as long as minimum quality standards that have been stressed by the buyer are met. I would like to have your viewpoint on the legislation to prohibit recombination of foreign material and dockage even when the contract specifications are met.

Mr. MILLER. Well, Senator, there are several factors to be considered with regard to recombination of dockage and foreign material. Foreign and domestic buyers expect to get what they buy. They do not want to buy foreign material, and they do not want to buy dockage material. If they purchase grain, they want to receive grain.

I think it is very important that our customers receive whatever the terms of the contract call for.

The CHAIRMAN. So you would not figure on our legislation?

Mr. MILLER. I believe the terms of purchase contracts should be fulfilled regardless of whether a new grain quality law is passed.

The CHAIRMAN. We note the arrival of the distinguished ranking minority member, Senator Zorinsky. You know who this gentleman is, of course.

Senator ZORINSKY. Yes, sir.

The Chairman. What would be the effect of prohibiting recombination?

Mr. MILLER. Well, Senator, one of the things that comes to my mind is the fact that the exporters and merchandisers must dispose of the material that has been taken out of the grain stream. Depending on where that occurs disposal may pose a problem. If the cleaning occurs in a country elevator, the cleanout may be sold off to nearby livestock feedlots.

In the case of material that might have been removed at an export terminal, it causes a more serious disposal problem because there is usually not a convenient outlet for that material nearby. It is not an easy problem to deal with.

Another concern that I have is that once you concentrate this material or cause it to not be removed there is an increased risk of a dust explosion. As the Administrator of the Agency I will be concerned with the threat of dust explosions, and I will attempt to avoid situations which would subject employees to unnecessary risk. I hope that these and other factors will be brought out in the debate on this issue.

There has been a broad-based industry task force working on this and other problems. They have considerable knowledge and useful recommendations on this matter. I intend to take their advice into account as FGIS moves ahead to develop new regulations to improve the U.S. grain standards.

The CHAIRMAN. Do you think recombination would result in any changes in the export?

Mr. MILLER. That is a very subjective question, and I am really hard pressed at this point to have the basis to answer it adequately.

The CHAIRMAN. Would you give the same answer to the effect on farm prices?

Mr. MILLER. I think so. I have not personally seen any economic studies or data that would support and justify doing it one way or the other—either adding it back or keeping it out. I would want to analyze the costs and benefits of a prohibition on recombination of dockage and foreign material before I render an opinion.

The CHAIRMAN. That is fair enough.

Senator Zorinsky.

Senator ZORINSKY. Thank you, Mr. Chairman.

I would like to, in the essence of time, ask unanimous consent that my statement be introduced in the record.[3]

The CHAIRMAN. Of course, without objection.

Senator ZORINSKY. I would like to ask the nominee if you feel that our grading system and our delivery of product to customers in the grain area is commensurate with what our competition offers? Or have you evaluated it from that standpoint?

Mr. MILLER. I really have not yet evaluated the differences in our grading system and that of our competitors. I think in a few cases some changes have been undertaken to our standards to meet the needs of our customers. Changes in the interpretive line slides for soybean damage for instance was really done in response to a request by U.S. soybean producers to better meet the needs of their foreign customers. Getting back to your question, I think there may be some discrepancies, between our system and that of our customers and competitors but I haven't really done an indepth study at this point.

STATEMENT OF HON. EDWARD ZORINSKY, A U.S. SENATOR FROM NEBRASKA

Senator ZORINSKY. I would suggest it is worthwhile taking a trip to get to the other end of the line and see what the comments and reactions and the comparative values of the commodities are with comparison to other countries that are shipping like grain. I find it not unusual, but I find it disturbing that when customers from other countries, Taiwan or China, visit my State of Nebraska and the first thing we do is run out and show them a typical farm. I mean that is the American dream of greeting a foreigner in our part of the country.

They look at the lush fields and say this is beautiful grain, why does it not look like that when I get it, when it comes off the boat in my country? That is a good question.

I think, you know, when I was in business myself, again, it is strictly business, it is a business transaction. If your customer does not feel he is getting the value for what he is paying, he is going to go to another supplier and try to better himself.

That is why I think it is very important that we make some visits to these customers to make these comparisons. Once having done that, once every year or twice a year, we sit at this table and we are talking about how to change our grading system so that our grain will be as good as somebody else's. It would be refreshing for us to be the leader and have other countries change their system to be as good as ours.

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[3] See p. 7 for the prepared statement of Senator Zorinsky.

That having been done, that still does not mean anything unless you have the management to carry it out. You can have the best grading system, you can have the best intent, say you are going to get 100 percent value for what you are paying for the product, and if the management does not pursue that type of policy, you have got nothing.

Then we are sitting back here wondering whether we should change the grading system again. So I would hope you will carry a businesslike approach to this because that is the bottom line.

No matter what kind of system we have, no matter what kind of a document we have that says this is the best you can get, it is nothing unless the commodity itself is supervised along the way to be that way. I would hope that you would involve yourself to the extent that hopefully there will be some people that have that capability to do that. If they do not, get rid of them, get somebody that can.

Thank you, Mr. Chairman.

[Responses to written questions by Senator Zorinsky to W. Kirk Miller:]

Question 1. How do American grain quality standards compare with those of other countries?

Answer. U.S. grain standards are more consistent from year to year, when compared to the standards used by some of our major competitors. Many customers model their system of grading after the U.S. Standards. Some of these countries lack the technical expertise or instrumentation to obtain results consistent with the official U.S. inspection system. Unfortunately, many of our export customers have no official grading system.

Question 2. What recourse does a foreign purchaser have when a shipment of grain does not conform to the contract specifications for quality?

Answer. The Federal Grain Inspection Service has responsibility to establish grain standards and for the inspection and supervision of weighing of grain for export. I understand that a foreign purchaser may file a formal complaint with the Foreign Agricultural Service or seek reparation of damages under the arbitration clause of the purchase contract. FGIS may be called upon to verify the accuracy of the inspection certificate by rechecking the file sample. FGIS does not arbitrate grain quality disputes.

Question 3. Do you feel that the current standards and pending modifications are adequate?

Answer. The current system of grades and standards has served the needs of our grain marketing system very well for a long period of time. I believe that there are some changes that can be undertaken by the FGIS to fine tune the standards to better coincide with the needs of the marketplace.

The CHAIRMAN. Are there other statements to be put into the record?

Without objection statements submitted later by Senators will be put in the record, as may be the case with questions. Some Senators may want to file written questions. If you will respond to those in writing as quickly as possible we will be grateful. It is just about to end for Miller time; is not it?

Senator ZORINSKY. I would say.

The CHAIRMAN. What we would do, we generally have pro forma meetings of the committee after a rollcall vote on the Senate floor. We will expedite this as soon as possible.

Mr. MILLER. Thank you, Senator Helms and Senator Zorinsky.

The CHAIRMAN. Thank you for coming, and we thank your family for coming.

If there is no further business to come before the committee, we will adjourn.

[Whereupon, at 10:25 a.m., the committee adjourned, subject to call of the Chair.]

[COMMITTEE NOTE.—September 19, 1986, the nomination of Mr. Miller was reported to the Senate. October 8, 1986, the nominee was confirmed by the Senate.]

APPENDIX

STATEMENT OF HON. EDWARD ZORINSKY, A U.S. SENATOR FROM NEBRASKA

Mr. Chairman, recently, trade teams from two foreign countries visited Nebraska for the purposes of inspecting and procuring American agricultural commodities. Members of both teams indicated privately that problems of grain quality have contributed to reduced purchases of American grain by their countries.

Like previous visitors, they admired the high quality of the grain in the fields and in the farmers' bins, but stated that this is not what was arriving in their home ports.

The international grain market is extremely competitive. It is a buyer's market. One need look no further than the attempted sale of grain to the Soviets to confirm this. If the United States is going to compete, we must compete on quality as well as price.

I look forward to Mr. Miller's comments and suggestions regarding the quality of grain exported from this country.

STATEMENT OF HON. ALAN J. DIXON, A U.S. SENATOR FROM ILLINOIS

Mr. Chairman, I am pleased to be here this morning as we consider the nomination of Walter K. Miller to be the Administrator of the Federal Grain Inspection Service.

The Federal Grain Inspection Service [FGIS] was created in 1976, and is responsible for establishing the official U.S. standards for grain.

The drastic decline of U.S. agricultural exports over the past several years can be blamed on a number of factors, including the concerns expressed by our trading partners about the quality of the grain which we ship to them.

It is my hope that Mr. Miller will address the issue of grain quality during the course of his remarks.

Thank you, Mr. Chairman.

STATEMENT OF HON. ROBERT W. KASTEN, A U.S. SENATOR FROM WISCONSIN

Mr. Chairman, I am pleased to introduce W. Kirk Miller, of Whitefish Bay, Wisconsin, the President's nominee to be Administrator of the USDA Federal Grain Inspection Service.

Wisconsin is a major producer of corn, soybeans, wheat, oats and barley. And we all share a great desire that the Federal Grain Inspection Service maintain a grading and weighing system that fairly and accurately describes the condition of grain.

The Administrator of the Federal Grain Inspection Service must not only implement and enforce the U.S. Grain Standards Act, but also carefully balance the concerns of all facets of the grain production pipeline from the seed breeder to the end user both here and abroad.

This is an important job and Kirk Miller has fine qualifications.

He spent the first 18 years of his life on his family's cash grain and livestock farm in central Ohio.

Following graduation in 1970 from Ohio State University with a bachelor's degree in agricultural economics, Mr. Miller served as a county manager for a local production credit association in Ohio.

He later went to work for the Ohio Farm Bureau Federation and in 1976 he joined the national affairs staff of the American Farm Bureau Federation here in Washington, D.C., where he served until May of 1980.

Mr. Miller moved to Wisconsin six years ago to head the American Malting Barley Association which is comprised of brewing and barley malting companies.

The association funds and coordinates research projects at land grant universities to improve the agronomic and processing quality of malting barley.

He has a fine reputation and I know that he will bring to the Federal Grain Inspection Service an appreciation for the importance of grain quality—not only to our domestic processing industry, but also to our valued export customers.

I am pleased to introduce Mr. Miller to the committee and urge his favorable consideration.

[Material pertaining to the nomination of Mr. Miller:]

UNITED STATES OFFICE OF GOVERNMENT ETHICS,
Washington, DC, August 28, 1986.

Hon. JESSE A. HELMS,
Chairman, Committee on Agriculture, Nutrition and Forestry,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Walter K. Miller, who has been nominated by President Reagan for the position of Administrator of the Federal Grain Inspection Service, Department of Agriculture.

We have reviewed the report and have also obtained advice from the Department of Agriculture concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. Based thereon, we believe that Mr. Miller is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

DAVID H. MARTIN,
Director.

Enclosures.[1]

Hon. JESSE A. HELMS,
Chairman, Committee on Agriculture, Nutrition, and Forestry,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: On June 12, 1986, I submitted to the Office of Government Ethics a copy of my SF 278, Financial Disclosure Report, required in connection with my nomination to serve as Administrator of the Federal Grain Inspection Service, an agency of the Department of Agriculture. That report contained all required financial information for calendar year 1985 and for the current calendar year through June 12, 1986.

The Ethics in Government Act of 1978, as amended, also requires that I update certain of the information reported on the SF 278, i.e., that required by section 202(a)(1)(A) of the Act, respecting income (other than dividends, interest, rents, and capital gains) and honoraria, to a date which occurs five days before the date of the hearing held by your Committee to consider my nomination. The hearing to be held on my nomination is presently scheduled for Wednesday, September 10, 1986.

Since filing my SF 278 on June 12, 1986, I have received additional salary payments from the American Malting Barley Association totalling $16,695.00. Also since that date, the Association has contributed approximately $4,300.00 to its pension plan on my behalf. As of September 5, 1986, I have received no other income or honoraria in addition to those categories and amounts of income shown on my Financial Disclosure Report as dated and filed on June 12, 1986.

I trust that this letter satisfies the additional applicable reporting requirements contained in the Ethics in Government Act.

Sincerely,

WALTER K. MILLER.

BIOGRAPHICAL RÉSUMÉ OF WALTER KIRK MILLER

Career profile: 1983–Present—*President and Chief Operating Officer*, American Malting Barley Association, 735 N. Water St., Suite 908, Milwaukee, WI, 53201.

The American Malting Barley Association, Inc. is a national trade association comprised of domestic breweries and barley malting companies engaged in collaborative research at Land Grant Universities in major barley producing states. My responsibilities include management of the AMBA staff and financial affairs, development and implementation of the organization's legislative and regulatory strategies

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[1] The financial report of Mr. Miller has been retained in the committee files.

and public relations program. Execution of these responsibilities requires extensive interaction with university administrators, agribusiness leaders, Members of Congress and Administration personnel.

Major Accomplishments: Directed a successful reorganization of the malting and brewing industry's barley research effort to incorporate new computer and biological technologies. Lobbied successfully for favorable farm program provisions for barley processors and growers. Stimulated increased USDA, Congressional, and industry support for barley research.

1980–83—*President and Chief Operating Officer*, Barley and Malt Institute, Milwaukee, WI.

Developed programs, budgets, and legislative and regulatory strategies for the U.S. malting barley industry. Compiled and published industry statistical reports.

Major Accomplishment: Negotiated a favorable regulatory solution to a major food safety controversy involving a carcinogenic contaminant in barley malt.

1976–80—*Assistant Director of National Affairs,* American Farm Bureau Federation, Washington, DC.

Represented 2.2 million member families in Congressional and Administrative proceedings. Drafted and presented position statements, developed legislative strategies, coordinated member communications and lobbying activities, researched and drafted background briefing papers for Farm Bureau leaders and developed and coordinated coalitions with other organizations.

1974–76—*Regional Supervisor,* Ohio Farm Bureau Federation, Columbus, Ohio.

Supervised the nine Organization Directors who organized and coordinated programs for 17,000 member families in twenty southwest Ohio counties. Organized and conducted regional training meetings, legislative workshops, and meetings with government officials. Promoted Farm Bureau and affiliated service company programs throughout southwest Ohio.

1972–74—*Organization Director,* Ohio Farm Bureau Federation, Crawford, Marion, Morrow, and Richland Counties.

Organized and directed annual membership drives and implemented service programs for 2500 member families.

1971—*Crawford County Manager,* Marion County Production Credit Association, Bucyrus, Ohio.

Managed the disbursement and collection of a two million dollar real estate, equipment, and operating loan portfolio.

Prior to 1971—Self employed on our family farm and held various part-time jobs hile in college.

Education: B.S. Agricultural Economics—1970, Ohio State University, Columbus, Ohio; "Improving Basic Managerial Skills," American Management Association, "Management for the Newly Selected Manager," University of Michigan, Ann Arbor, Michigan.

Affiliations and memberships: Member USDA Federal Grain Inspection Service Advisory Committee, Delegate to the Wisconsin State Republican Convention, United Performing Arts Fund Drive Volunteer, American Society of Association Executives, American Agricultural Economics Association, Master Brewers Association of America, Ohio State Alumni Association, Capitol Hill Club, Elmbrook Chapter Ducks Unlimited, Milwaukee Athletic Club, Mayflower Congregational Church, North Shore Republican Club.

Hobbies: Tennis, golf, hunting, fishing, gardening, reading, spectator sports.

Personal: Born September 17, 1948; Married, two children, excellent health

References: Provided upon request.

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